

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
Honolulu, Hawaii 96813

November 19, 2009

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Maui

Consent to Assign General Lease No. H-89-13, Valley Automated Fuels, Inc., Assignor, to Pacific-West Fuels, Inc., Assignee, Lahaina, Maui, Tax Map Key: (2) 4-6-001-portion of 014 and portion of 017.

APPLICANT:

Valley Automated Fuels, Inc., as Assignor, to Pacific-West Fuels, Inc., a California corporation, whose business and mailing address is 6066 Paseo Pueblo Drive, San José, CA 95120, as Assignee.

LEGAL REFERENCE:

Section 171-36(a) (5), Hawaii Revised Statutes, as amended.

LOCATION AND AREA:

Portion of Government lands of Lahaina Small Boat Harbor situated at Lahaina, Maui, identified by Tax Map Key: (2) 4-6-001-014 (portion) and 017 (portion). The lease area contains approximately 1282 sq ft of fast land, consisting of approximately 146.5 sq ft feet for fuel dispensers and a non-exclusive easement of approximately 1,188 sq ft for subsurface fuel storage tanks and related equipment. Please see Exhibit A.

TRUST LAND STATUS:

Section 5(B) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES \_\_\_ NO x

CHARACTER OF USE:

Marine Fueling Facility

TERM OF LEASE:

Thirty (30) years, commencing on November 21, 1989 and expiring on November 20, 2019.  
Last rental reopening occurred on November 20, 2004; there are no future reopenings.

ANNUAL RENTAL:

\$1770.00 per annum plus 5.25% of the annual gross receipts in excess of the minimum annual rent (Annual base rent increases in November 2014 by 30%).

CONSIDERATION:

None.

RECOMMENDED PREMIUM:

There is no consideration for this internal transfer in which to base a premium.

DCCA VERIFICATION:

ASSIGNOR: Valley Automated Fuels, Inc.

Place of business registration confirmed:	YES <u>x</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>x</u>	NO <u>  </u>
Good standing confirmed:	YES <u>x</u>	NO <u>  </u>

ASSIGNEE: Pacific-West Fuels, Inc.

Place of business registration confirmed:	YES <u>x</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>x</u>	NO <u>  </u>
Good standing confirmed:	YES <u>x</u>	NO <u>  </u>

REMARKS:

General Lease No. H-89-13 was issued to Valley Automated Fuels, Inc. on November 21, 1989. The Lessee explained that in order to provide management and funding for the improvements at the Lahaina marine fueling facility (fuel facility) and for the day to day operation, Pacific-West Fuels, Inc. (PWF) was created. PWF sole responsibility was the management and operation of the fueling facility and had no other business dealings other than those relating to operating the fueling facility. For accounting purposes PWF directly paid the State lease rents under their own tax numbers. The three owners of Valley Automated Fuels, Inc. are also owners of PWF. Valley Automated Fuels, Inc. had other operations outside of the State of Hawaii and in 2009 all of the assets of Valley Automated Fuels, Inc., except the State Lease, were sold to Nella Oil Company Inc. For economic reasons Valley Automated Fuels, Inc. decided to cease its mainland operations. PWF has continuously managed the Lahaina Fueling Facility since the commencement of the Lease pursuant to the structure created by the owners of Valley Automated Fuels, Inc. The owners of

Valley Automated Fuels, Inc. and PWF don't believe there's a necessity to maintain both corporations and therefore would like to formally assign the Lease to the managing and operating entity PWF to maintain the historical consistency with lease operations. There would be no change in the continued service and no change in the actual management at the Lahaina Marine Fueling Facility.

The Lessee has complied with all lease terms and conditions, including rent, insurance, etc. and there is no default history. They are currently in good standing.

The Assignee has not had a lease, permit, easement or other disposition of State lands terminated within the last 5 years due to non-compliance with such terms and conditions.

The last reopening occurred on November 20, 2004. There are no outstanding rental reopening issues, and rent is current.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. H-89-13 from Valley Automated Fuels, Inc., as Assignor, to Pacific-West Fuels, Inc., as Assignee, subject to the following:

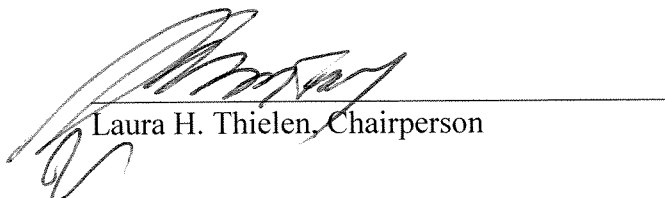
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Review and approval by the Department of the Attorney General; and
3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

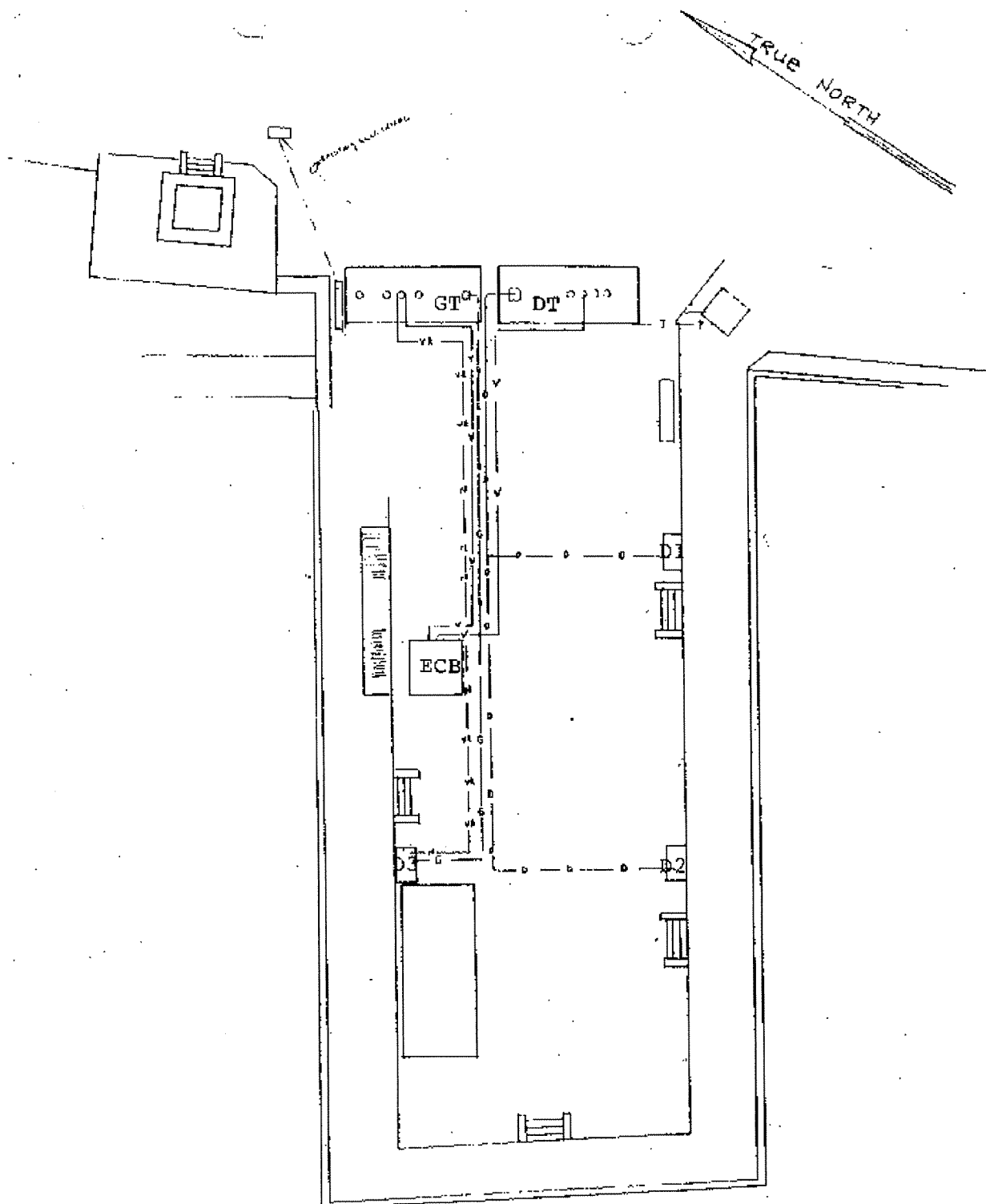


Edward R. Underwood  
Administrator

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson



D - DIESEL  
 V - VENT  
 G - GAS  
 VR- VAPOR RETURN

GT - GAS TANK  
 DT - DIESEL TANK  
 ECB- EQUIPMENT CONTROL BUILDING  
 D1 - DISPENSER #1  
 D2 - DISPENSER #2  
 D3 - DISPENSER #3

**EXHIBIT " A "**

